

## Message Text

PAGE 01 STATE 108923

20

ORIGIN EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 OMB-01 /090 R

DRAFTED BY EA/P:STAFF:EB:PP

APPROVED BY EA/P:AHROSEN

----- 021198

R 232247Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY SAIGON

INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

USSAGE NAKHON PHANOM

CINCPAC HONOLULU

COGARD POLAD

DEPT OF TREASURY

XMT AMEMBASSY SUVA

AMEMBASSY RANGOON

UNCLAS STATE 108923

MO. 1165

2: N/A

TAGS: PFOR, XC, US

SUBJECT: MAY 23 EA PRESS SUMMARY

INDOCHINA

1. HOUSE CUTS 474 MILLION IN ADMIN. REQUEST FOR 1.6  
BILLION DOLLARS FOR FY 75 MIL AID TO SVN, BUT BARS  
REDUCTION OF 100,000 IN US TROOPS STATIONED ABROAD.  
UNCLASSIFIED

PAGE 02 STATE 108923

FINNEY (NYT) CREDITS HASC CHAIRMAN HEBERT WITH DEFEAT  
OF ATTEMPT BY REP. LEGGETT TO CUT SVN MIL AID BELOW  
ONE BILLION, SAYS THAT HEBERT SENSED MOOD OF HOUSE AND  
FELL BACK ON 1.126 BILLION FIGURE (SAME AS THIS YEAR'S)

TO WARD OFF DEEPER CUTS DESPITE HASC'S EARLIER RECOMMENDATION OF 1.4 BILLION. FINNEY BELIEVES THAT SENATE WILL PROBABLY ADOPT 900 MILLION FIGURE RECOMMENDED BY SASC AND THAT ADMIN. WOULD END UP WITH ABOUT ONE BILLION FROM ENSUING HOUSE-SENATE COMPROMISE. REVIEWING SECDEF'S TALK WITH REPORTERS YESTERDAY ON SUBJECT OF SVN AID, FINNEY COMMENTS THAT IMMEDIATE EFFECT OF LOWERED CEILING NOT CLEAR. CONCERNING O'NEILL AMENDMENT TO RETURN 100,000 US TROOPS FROM OVERSEAS, FINNEY SAYS THAT WH "ARRANGED" FOR SECSTATE TO SEND CABLE TO HEBERT FROM JERUSALEM WARNING OF GRAVE CONSEQUENCES IF US FORCES IN PACIFIC REDUCED; THAT 100,000 MAN CUT WOULD MEAN WITHDRAWAL OF ALL LAND FORCES FROM SK, JAPAN, OKINAWA

AND PHILIPPINES, AND TOTAL DEPENDENCE ON SEVENTH FLEET TO SUPPORT US PACIFIC POLICY. HEBERT READ CABLE BEFORE HOUSE, AND TROOP REDUCTION DEFEATED.

2. CORDDRY (SUN) BELIEVES THAT ADMIN. STRATEGISTS HOPED TO PASS 1.4 BILLION SVN MIL AID LEVEL THROUGH HOUSE AND SO HAVE "BARGAINING POWER" AT CONFERENCE SINCE SENATE EXPECTED TO PASS 900 MILLION LEVEL. HEBERT PROPOSAL OF 1.126 BILLION PASSED, AND WAS COMPROMISE TO AD OFF EFFORTS TO SET STILL LOWER CEILING. LEGGETT WANTED 900 MILLION LEVEL TO SEND SVN "MESSAGE" THAT US EXPECTS IT TO ABIDE BY C-F AND WORK OUT POLITICAL COMPROMISE. CORDDRY ALSO REPORTS THAT TROOP REDUCTION AMENDMENT DEFEATED AFTER CABLE FROM HAK WAS READ TO HOUSE AND SPEAKER ALBERT, IN "RARE GESTURE", WENT TO FLOOR TO SAY HE WAS TROUBLED ABOUT WHERE CUTS WOULD BE MADE. RUSSELL (WP) SEES HEBERT AS "HORSETRADING" IN SUBSTITUTING 1.126 BILLION FIGURE FOR LEGGETT'S 900 MILLION. QUOTES LEGGETT THAT HE DIDN'T SUPPORT "PULLING THE PLUG" ON MIL AID TO SVN BUT THAT US SHOULD SHOW RESTRAINT TO PROMOTE POLITICAL SETTLEMENT; REP. GIAIMO ARGUED THAT IT IS IMPORTANT IN PRINCIPLE FOR CONGRESS TO STOP GIVING DOD A "BLANK CHECK" ON MIL AID TO SVN. UNCLASSIFIED

PAGE 03 STATE 108923

RUSSELL ALSO POINTS OUT THAT SECDEF D EARLIER MADE "STRONG PLEA" THAT IT WOULD BE UNWORTHY OF US TO "PUNISH" SVN.

3. CSM STAFFER IN BOSTON REPORTS USG ALLOTTED \$7.2 MIL4ION FOR FY74 TO HELP SVN CHILDREN ORPHANED, ABANDONED, OR MADE DESTITUTE BY WAR; UP FROM \$1.3 MILLION IN FY73. FUNDS TO BE USED TO UPGRADE ORPHANAGES, SPEED UP ADOPTIONS, IMPROVE DAY-CARE CENTERS, PROVIDE REHABILITATION FOR HANDICAPPED CHILDREN, TRAIN WELFARE WORKERS, SET UP FOOD ALLOWANCES, ETC. AID NOW AWARDDING AND IMPLEMENTING GRANTS TO US AND SVN PRIVATE VOLUNTARY AGENCIES THAT HAVE CURRENT CHILDREN'S PROGRAMS IN

VN. GVN'S SOCIAL WELFARE MINISTRY TO GET \$1.7 MILLION TO SUPPORT ITS GOVT. PROGRAMS FOR CHILDREN.

4. SENATE-HOUSE CONFERENCE AGREES TO 1.126 BILLION CEILING ON FY 74 MIL AID TO SVN, REJECTS DOD ACCOUNTING CHANGE TO PROVIDE EXTRA 266 MILLION (FINNEY, NYT; CSM; UPI, WP; AP PHINQ, NYPOST 5/22). CONFERENCE ALSO DEFERS, FOR CONSIDERATION IN FY 75 MIL BILL, ADMIN. REQUEST FOR 29 MILLION TO EXPAND US NAVAL STATION ON DIEGO GARCIA (AP PHINQ, NYPOST 5/22; UPI, WP).

5. NYT'S TELTSCH REPORTS FROM UN THAT US INSISTS THAT ITS FUNDS NOT BE USED FOR UNICEF HELP TO HANOI AND PRG AREAS. US IS LARGEST CONTRIBUTOR BUT AGENCY COULD USE OTHER FINANCING. US MEMBER SAYS ACTION REFLECTS "DEEP DISAPPOINTMENT" WITH COMMUNIST COMMITMENT TO SEE CONFLICT ENDED PEACEFULLY. TELTSCH POINTS OUT THAT UNICEF HAS HAD SVN PROGRAM SINCE 1956, THAT BOARD "EAGER" TO PROVIDE HELP BUT UP TO LAST YEAR HANOI WAS "RELUCTANT" TO ACCEPT, AND SHE CHARACTERIZES US STATEMENT AS "POLITE WARNING."

6. VC ANNOUNCES IT IS SETTING UP PERMANENT MISSION IN PARIS AND EXPECTS IT TO LEAD TO FULL DIPLOMATIC RECOGNITION BY FRANCE, BUT MFA SAYS FRANCE RECOGNIZES ONLY STATES AND NOT GOVERNMENTS AND DOES NOT WANT TO "CONSECRATE THE DIVISION" OF SVN (AP, NYPOST 5/22).

UNCLASSIFIED

PAGE 04 STATE 108923

7. ARVN COMMAND SAYS NVN FORCES CROSS FROM CAMBODIA AND HIT GVN POSITIONS 50 MILES WEST OF SAIGON (CSM;AP, NYPOST 5/22); RESERVES RIGHT OF "HOT PURSUIT" OF ENEMY INTO CAMBODIA (CSM).

8. AP QUOTES GVN SOURCES THAT MILLIONS OF DOLLARS' WORTH OF US-FUNDED FERTILIZER BEING HOARDED BY IMPORTERS FOR HIGHER PROFITS, AND SITUATION COULD HARM SVN'S "ALREADY REELING" ECONOMY. SHRINKING HARVESTS COULD SPIKE ECON "TAKE-OFF" PLANS. OFFICIAL PRICE IS LOW BUT MEANINGLESS, AND GVN LEGISLATIVE COMMITTEE CHARGES THAT FARMERS MUST PAY HIGH BLACK MARKET PRICES. PREMIER ISSUES ORDER DEMANDING DECLARATION OF STOCKS AND SEIZURE OF ILLEGAL STORES, BUT HIGH INTERNATIONAL PRICE MAKES FUTURE HIGHER PRICES INEVITABLE. ABOUT ONE-THIRD OF RICELAND IS IN FERTILIZER-HUNGRY "MIRACLE" STRAINS AND US AID OFFICIALS ARE REPORTEDLY CONCERNED THAT MORE FUNDS TO MEET NEEDS MAY BE DIFFICULT TO GET (NYPOST 5/22).

9. CSM'S SOUTHERLAND FROM SAIGON WRITES OF COMMUNIST N-S ROAD NETWORK IN SVN NEARING COMPLETION, QUOTES

INTELLIGENCE ANALYSTS THAT SYSTEM STRETCHES FOR ABOUT 500 MILES, GREATLY ENHANCING NVN'S MOBILITY. HALT OF US BOMBING MADE NEW CONSTRUCTION POSSIBLE. PART OF DONG HA ALSO REBUILT, AND LAND RECLAMATION GOING ON IN COMMUNIST AREAS. SOUTHERLAND POINTS OUT THAT COMMUNISTS HAVE NOT CREATED SEPARATE SVN ENTITY. THEIR PORTION OF QUANG TRI PROVINCE IS VIRTUALLY AN EXTENSION OF NVN, AND OTHER

COMMUNIST AREAS IN SVN ARE DEPENDENT TO CERTAIN DEGREE ON "SAIGON ADMINISTERED" ECONOMY. PRG AREAS STILL USE GVN CURRENCY, AND MANY PRG VILLAGES ARE DEPENDENT ON GOODS FROM GVN AREAS. COMMUNISTS REFRAIN FROM NAMING "CAPITAL" IN SOUTH, THOUGH SOME WESTERN OBSERVERS SO REFER TO LOC NINH. SOUTHERLAND OPINES THAT PRG "FOOTHOLD" AT TAN SON NHUT HAS BEEN USEFUL, GIVING DIRECT ACCESS TO NEWSMEN, BUT NOW DELEGATION THERE HAS BEEN ISOLATED BY GVN. DESPITE BREAKOFF OF POLITICAL TALKS, UNOFFICIAL CONTACTS AT VILLAGE LEVEL REMAIN AND "ARE VITAL TO THE PRG" BECAUSE ITS ZONES ARE FAR FROM UNCLASSIFIED

PAGE 05 STATE 108923

SELF-SUFFICIENT AND MOSTLY IN AREAS WITH POOR LAND AND SPARSE POPULATION. GIVEN HANOI'S PRIORITIES, MAJOR MIL PUSH UNLIKELY BUT COMMUNISTS OBVIOUSLY HOPE THAT SAIGON'S ECON WOES WILL INCREASE AND MAKE IT EASY TO TRANSFORM THEIR CURRENT POSITION IN SOUTH INTO SOMETHING "BIGGER AND BETTER".

10. GKR COMMAND REPORTS THAT ROCKETS HIT PP OUTSKIRTS FOR THIRD TIME IN TWO DAYS (AP, NYPOST 5/22).

APAN

SFRC DEFERS UNTIL NEXT WEEK ANY DECISION ON  
11. SFRC DEFERS UNTIL NEXT WEEK ANY DECISION ON HODGSON NOMINATION, AND ON ANDERSON NOMINATION (TO COSTA RICA). SYMINGTON SAYS PRES. IS RISKING MORALE PROBLEM AT DOS BY USING AMBASSADORSHIPS AS "POLITICAL REWARD" INSTEAD OF RELYING ON CAREER DIPLOMATS (AP, S-N 5/22).

12. AMEMBASSY REPORTS USG HAS ALLOWED JAPAN TO SET UP TEMPORARY SATELLITE TRACKING STATION ON KWAJALEIN. SPOKESMAN SAYS PERMIT STIPULATES STATION MUST BE USED FOR PEACEFUL PURPOSES (AP, CSM).

13. PROPOSED US STANDARDS FOR AUTOMOBILE POLLUTANT EMISSIONS WILL BE APPLIED IN JAPAN EARLIER THAN IN US, ACCORDING MIKI. LAT'S JAMESON, IN TOKYO, REPORTS THAT GOJ ENVIRONMENT AGENCY CHIEF MADE STATEMENT AT NEWS CONFERENCE, FOLLOWING US-JAPAN ENVIRONMENTAL MEETING, IN PRESENCE OF "SOMEWHAT EMBARRASSED" RUSSELL

PETERSON, CHAIRMAN OF PRESIDENT'S COUNCIL ON ENVIRONMENTAL QUALITY. JAMESON SAYS MIKI'S "UNQUALIFIED DECLARATION" THAT JAPAN WOULD BE FIRST TO IMPLEMENT STANDARDS THAT US ORIGINATED "HELD ADDED SIGNIFICANCE" IN VIEW OF FACT THAT HEARINGS ARE BEING CONDUCTED IN TOKYO TO GIVE JAPANESE AUTOMAKERS LAST CHANCE TO EXPRESS THEIR VIEWS ON PROPOSED STRICT US POLLUTANT LAW (5/21).

14. US COMMERCE DEPT. REPORTS SURGE IN TRAVEL BY JAPANESE HELPED ACCOUNT FOR 24 PERCENT INCREASE IN UNCLASSIFIED

PAGE 06 STATE 108923

FOREIGN TRAVEL TO US LAST YEAR. ABOUT 640,000 JAPANESE VISITED US LAST YEAR -- UP 200,000 OVER 1972 -- AND THEY SPENT 334 MILLION DOLS, LARGEST AMOUNT FOR ANY OVERSEAS COUNTRY AND MORE THAN 60 PERCENT ABOVE 1972 (NYPOST 5/22).

15. IN TOKYO, JOC'S CULLISON REPORTS THAT GOJ'S ELIMINATION OF PRICE CONTROLS ON WIDE VARIETY OF ESSENTIAL COMMODITIES AND INDUSTRIAL PRODUCTS IS EXPECTED TO CAUSE SHARP INCREASE IN COUNTRY'S SOARING COST-OF-LIVING INDEX. STEEL, ALUMINUM, CEMENT, AUTO, CHEMICAL PRODUCT AND HOUSEHOLD ELECTRIC APPLIANCE INDUSTRIES ALREADY AWAITING APPROVAL OF PRICE RISES. EVEN GAS AND TAXI COMPANIES ARE EXPECTING WIN APPROVAL FOR NEW INCREASES.

16. WP'S OBERDORFER, IN TOKYO, OBSERVES THAT JAPAN'S PETROCHEMICAL INDUSTRY IS REDUCING SUPPLY OF FERTILIZER TO REST OF ASIA BY 15-20 PERCENT IN COMING MONTHS; RESULT COULD BE FOOD SHORTAGE AT NEXT HARVEST, AFFECTING MILLIONS. NOTES DELEGATIONS LEFT TOKYO WEDNESDAY TO DELIVER BAD NEWS TO PRC AND INDIA. CHEMICAL INDUSTRY OFFICIALS HAD BLAMED LAST FALL'S ARAB OIL CUTBACKS AND CONTINUING TIGHT PETROLEUM SUPPLY FOR LIMITATIONS ON FERTILIZER PRODUCTION; HOWEVER, IN WEDNESDAY INTERVIEWS "THEY ACKNOWLEDGED THAT ANOTHER PART OF THE PROBLEM IS A RISING DEMAND FOR CHEMICAL FERTILIZER IN JAPAN" WHERE, IN POLICY SHIFT, GOJ IS SEEKING TO INCREASE DOMESTIC FOOD PRODUCTION AS HEDGE AGAINST POTENTIAL WORLDWIDE SHORTAGES. CITES 1954 LAW, "RARELY USED UNTIL NOW," THAT GIVES CLEAR PRIORITY TO DOMESTIC CONSUMPTION OVER FOREIGN SALES OF CHEMICAL FERTILIZER.

JAPAN-KOREA

17. SCHUMACHER (WP) REPORTS FROM TOKYO ON PRESS CONFERENCE BY USAF SECRETARY MCLUCAS IN WHICH LATTER SAID US WOULD EXPECT JAPAN TO ASSUME REGIONAL SECURITY ROLE IF SITUATION CHANGES IN ASIA. SCHUMACHER NOTES

THIS SEEMED TO GO BEYOND OFFICIAL US POLICY WHICH  
UNCLASSIFIED

PAGE 07 STATE 108923

HAS NOT ENDORSED SUCH JAPANESE ROLE, AND CONTRADICTS  
JAPANESE GOVERNMENT POLICY, THE CONSTITUTION AND  
DEEP POPULAR SENSITIVITIES AGAINST MILITARY REVIVAL.  
HE ALSO QUOTES FROM OHIRA SPEECH IN NY THAT JAPAN  
IS "IRREVOCABLY COMMITTED" TO NONMILITARY ROLE IN  
WORLD POLITICS. MCLUCAS' STATEMENTS APPEARED TO  
CAUSE CONCERN AMONG EMBASSY OFFICIALS. DCM SHOESMITH  
WALKED UP AND WHISPERED IN HIS EAR, AFTER WHICH  
MCLUCAS STRESSED HE WAS NOT PREDICTING CHANGES IN  
ASIAN ARENA. SHOESMITH LATER CALLED REARMAMENT  
ISSUE "HYPOTHETICAL."

MCLUCAS ALSO REFUSED TO "VERIFY OR DISCOUNT" REPORTS  
THAT US WILL MOVE F-4 SQUADRON FROM THAILAND TO KOREA,  
A MOVE WHICH COULD BE INTERPRETED AS ADDED SUPPORT FOR  
PARK GOVT. WHILE DECLINING TO TALK ABOUT FUTURE MILITARY  
MOVES AFFECTING KOREA, HE SAID THE PATTERN IS TO IMPROVE  
US FORCES THERE QUALITATIVELY WHILE NOT RAISING THE LEVEL.  
ASKED ABOUT US SUPPORT FOR PARK GOVT. "REPRESSION", HE  
SAID "IT'S A QUESTION OF DEALING WITH THE GOVERNMENT  
THAT'S THERE, EVEN THOUGH IT'S NOT THE IDEAL."

CHINA

18. IN SEEMING ESCALATION OF SOVIET PRESSURE TO WIN RETURN  
OF HELICOPTER AND CREW RETAINED BY PRC, SOVIET CITIZENS  
WRITING LETTERS TO EDITOR DEMANDING THEIR RELEASE.  
LITERATURNAYA GAZETA PUBLISHED TWO LETTERS WEDNESDAY WITH  
COMMENTARY ON MANY LETTERS IT REPORTS RECEIVING ON  
INCIDENT (REUTER, CSM).

19. PEKING TAKES ANOTHER STRIDE TOWARDS BUILDING  
UP TOURISM BY INVITING HIGH-POWERED GROUP OF HK  
TRAVEL EXPERTS TO VISIT CANTON AND KWEILIN (AFP,  
WP). TEAM OF 34 PRC DOCTORS ARRIVES IN SAN'A AS  
PART OF PEKING MEDICAL ASSISTANCE PROGRAM TO YAR  
(AFP, WP).

20. CITING "MUSHROOMING" SINO-US TRADE THAT WILL TOP  
1 BILLION THIS YEAR AND HAS BOOSTED US TO PRC'S  
NO. 2 TRADING PARTNER AFTER JAPAN, CSM'S ELLIS SAYS  
UNCLASSIFIED

PAGE 08 STATE 108923

BEHIND "THIS SPECTACULAR GROWTH IS CHINA'S ENORMOUS  
APPETITE FOR AMERICAN WHEAT, CORN, SOYBEANS AND COTTON"  
THAT FORM BULK OF US EXPORTS TO CHINA. REPORTS NCUSCT  
FINDING THAT PRC HUNGER FOR FOOD AND FIBER MEANS THAT

TRADE NOW RUNS 18-1 IN FAVOR OF US. IN FIRST QUARTER 1974, FOR EXAMPLE, AMERICANS SOLD CHINA PRODUCTS WORTH 363 MILLION DOLS, AND IMPORTED CHINESE PRODUCTS WORTH ONLY 20.1 MILLION. SO FAR, PEKING, PAYING CASH, HAS MET HEAVY DRAIN ON ITS FOREIGN EXCHANGE RESERVES WITH HARD CURRENCY EARNED BY EXPORTING THROUGH HK; BUT PEKING INCREASINGLY COMPLAINS THAT "MUTUALLY BENEFICIAL TRADE" FORESEEN AFTER NIXON VISIT HAS, IN FACT, MAINLY BENEFITTED US. NOTES THAT STANDING IN WAY OF INCREASED PRC SALES TO US IS ADMIN. INABILITY TO GRANT PEKING MFN TRADING STATUS. BUCKING EXTREMELY HIGH US DUTIES, ONLY LUXURY GOODS -- CHINESE CARPETS, JADE AND LIQUOR, PLUS SOME UTILITARIAN ITEMS LIKE HOG BRISTLES, COTTON FABRICS AND BASKETWARE -- ENJOY READY SALE IN US. CITES NCUSCT PRES. PHILLIPS FORESEEING US MARKET FOR "LIGHT INDUSTRIAL AND LIGHT CONSUMER GOODS" FROM PRC IF PEKING GAINS MFN.

21. GRC STATISTICAL OFFICE SAYS FOREIGN INVESTMENT IN ROC SINCE 1952 TOTALED 11.16 BILLION AT END OF APRIL, WITH US LARGEST SINGLE INVESTOR. ADDS THAT CAPITAL INVESTED BY US FIRMS AMOUNTED TO "402.4 MILLION, OR 36.5 PERCENT OF TOTAL" (SIC) (UPI, JOC).

#### THAILAND

22. UPI BANGKOK REPORTS "WEARY" SANYA COMING UNDER INCREASING PRESSURE WEDNESDAY TO FORM NEW CARETAKER GOVT., BUT HE TOLD NATIONWIDE TV AUDIENCE HE IS THROUGH WITH POLITICS AND HOPES HIS RESIGNATION WILL BE ALLOWED TO STAND. SAID HE MAY BECOME MONK TO FIND PEACE OF MIND. ADDED THAT RESIGNATION OF HIS CABINET WAS BROUGHT ON BY MOUNTING PUBLIC CRITICISM -- JUSTIFIED BECAUSE GOVT. HAD LOST EFFECTIVENESS (PHINQ).

23. NYT'S MARKHAM FINDS SANYA'S UNEXPECTED RESIGNATION "SHOCKED MANY THAIS BUT DID NOT APPEAR TO HAVE CREATED A MOOD OF DEEP CRISIS ...BANGKOK'S BUSTLING PACE  
UNCLASSIFIED

PAGE 09 STATE 108923

CONTINUED AS USUAL AND INFORMED THAIS SEEMED CONFIDENT THAT A NEW CIVILIAN CABINET WOULD BE FORMED SOON." POPULAR SANYA, IN FACT, REMAINS LEADING CANDIDATE TO FORM NEW GOVT. CITES THANAT GUESS THAT MAJORITY OF THAIS WILL ASK SANYA RECONSIDER. MARKHAM FORESEES "NO CRUSH OF CLAIMANTS SINCE IT IS GENERALLY AGREED THAT JOB WILL NOT ENHANCE POPULARITY OF ANYONE WITH LONG-TERM POLITICAL AMBITIONS. BUT WHEN ASKED, MOST POTENTIAL CANDIDATES SAID THEY WOULD ACCEPT JOB IF KING ASKED THEM. NAMES KUKRIT, PRAKORB, PUEY AND BOONMA AS AMONG POSSIBLE CANDIDATES.

24. DOD ANNOUNCES GEN. HIXON WILL SUCCEED GEN.

MELLEN AS TOP US OFFICER IN THAILAND (AP, NYPOST 5/22).

25. RTG FORNMINISTRY SPOKESMAN SAYS MAKARIOS WILL MAKE VISIT TO THAILAND AS GOVT. GUEST MAY 25-29 (ATLANTA CONSTITUTION 5/17).

#### PHILIPPINES

26. REUTER MANILA REPORTS GOP HAS CONCLUDED 8.6 MILLION DOL LOAN AGREEMENT WITH US TO FINANCE ESTABLISHMENT OF M-16 RIFLE ASSEMBLY PLANT IN PHILS. AGREEMENT SIGNED BY FINANCE SEC. VIRATA AND AMB. SULLIVAN. VIRATA SAID PROJECT WILL STRENGTHEN PHILS DEFENSE POSTURE AND STIMULATE BUSINESS ACTIVITY. SULLIVAN SAID THIS IS FIRST LARGE MILITARY CREDIT EXTENDED PHILS BY US.

27. MARCOS SAYS PHILS WILL HARVEST RECORD RICE YIELD IN JUNE, BUT AMOUNT WILL NOT BE SUFFICIENT FOR COUNTRY'S NEEDS AND DEFICIENCY MUST BE COVERED BY IMPORTS. IN SPEECH LAUNCHING 1974 RICE PRODUCTION PROGRAM, MARCOS SAYS JUNE HARVEST WILL REACH 7.56 MILLION METRIC TONS (UPI, JOC).

28. GOP MILITARY REPORTS GOVT. TROOPS KILLED 18 INSURGENTS IN NORTHERN ISABELLA PROVINCE LAST WEEK (AP, NYPOST 5/22).  
UNCLASSIFIED

PAGE 10 STATE 108923

#### KOREA

29. SOUTH AND NORTH KOREA AGREE ON PLAN TO RESUME DEADLOCKED RED CROSS TALKS ON HELPING REUNITE RELATIVES SEPARATED IN KOREAN WAR (WP).

#### COMMENT AND ANALYSIS

#### CHINA

30. WP'S GREENWAY IN MACAO SAYS COUP IN PORTUGAL HAVING LITTLE EFFECT ON PORTUGUESE COLONY, EXCEPTING THAT PRESS CENSORSHIP HAS BEEN LIFTED AND GROUP OF PORTUGUESE CITIZENS, BUSINESSMEN, LAWYERS, POLICEMEN, ETC., HAVE FORMED "DEMOCRATIC CENTER OF MACAO." ACCORDING TO ONE OF ITS FOUNDERS, JOSE MANEIRAS, CENTER IS NOT YET A POLITICAL PARTY, "MORE OF A POLITICAL ACTION GROUP. THE FIRST STEP IS TO RAISE THE LEVEL OF POLITICAL CONSCIOUSNESS HERE - TO MAKE PEOPLE AWARE OF THEIR RIGHTS AND DUTIES IN A DEMOCRATIC SOCIETY." MANY CENTER MEMBERS FEEL, HOWEVER, THAT THE GOVERNOR AND HIS COURT SHOULD GO, AND ARE SAYING SO. LOCAL RESIDENTS



BELIEVE THAT ONE DAY CHINA WILL RECLAIM MACAO. THAT COULD BE ANY TIME BETWEEN NEXT YEAR AND 10 TO 20 YEARS FROM NOW, ACCORDING TO HO YIN, PEKING'S UNOFFICIAL REP. UNTIL THEN, MACAO WILL PROBABLY REMAIN POLITICALLY TOLERANT; EVEN COMMUNISTS ARE TOLERANT. WHILE CHINA HAS A MASS CAMPAIGN TO CRITICIZE CONFUCIUS AND PREVENT RESTORATION OF CAPITALISM, HO YIN IS BOTH A MILLIONAIRE AND CHAIRMAN OF LOCAL CONFUCIAN SOCIETY.

31. IN GENERAL REVIEW OF WORLD DEVELOPMENTS, EX-AMBASSADOR YOST (CSM) SEES POLITICAL WEAKNESS IN US AND PRC RATHER THAN LACK OF GOOD WILL JEOPARDIZING US ACCOMMODATION WITH USSR AND PRC. BECAUSE US ADMIN IS BELEAGUERED, IT LACKS ABILITY TO CARRY FOWARD ECON AND PERHAPS ARMS CONTROL AGREEMENTS WITH USSR, OR TO IMPLEMENT

APPARENT INTENT OF SHANGHAI COMMUNIQUE THAT THERE BE SLOW BUT STEADY DISENGAGEMENT WITH TAIWAN. EXPRESSES VIEW UNCLASSIFIED

PAGE 11 STATE 108923

THAT FAILURE TO MOVE FORWARD WITH THESE AGREEMENTS COULD WEAKEN CHINESE AND SOVIET LEADERS RESPONSIBLE FOR THEM, AND SET BACK SERIOUSLY WHOLE PROCESS OF DETENTE.

32. LAT'S ELEGANT (MAY 22) IN HONG KONG SEES PRC'S DETENTION OF SOVIET COPTER CREW AS HELPING MAINTAIN THE PRECARIOUS BALANCE BETWEEN CIVILIAN AND MILITARY POWER IN CHINA. CHINESE ARE IN NO HURRY TO IMPROVE RELATIONS WITH USSR, SINCE SOVIET THREAT IS MAJOR UNIFYING FACTOR IN CHINA WRACKED BY CONTENTION FOR SUPREME POWER THAT MAO WILL RELINQUISH UPON HIS DEATH. DANGER OF USSR ATTACK SIMULTANEOUSLY BUTTRESSES POWER OF GENERALS AND LIMITS THEIR POSSIBLE EXCESSES; GENERALS CANNOT DEFY PEKING'S CENTRAL AUTHORITY TOO AUDACIOUSLY WITHOUT GRAVELY WEAKENING CHINA'S ABILITY TO MEET SUCH AN ATTACK.

33. ALTHOUGH RECENTLY QUIESCENT, PLA GENERALS, MANY IN SENIOR CIVILIAN POSTS, STILL EXERCISE MAJOR - AND POTENTIALLY DECISIVE - POWER. LIKE CHOU, GENERALS COMMANDING CHINA'S 11 "GREAT MILITARY REGIONS" HAVE DELIBERATELY CHOSEN TO ASSUME LOWER POSTURE. THEY ACQUIESCED IN TRANSFER OF 8 OF THEIR NUMBERS TO NEW COMMANDS LAST JAN - A FAR-REACHING DECISION UNDOUBTEDLY ARRIVED AT BY SAME CP ORGAN THAT DECIDED TO RESTORE TENG HSIAO-PING TO POLITBURO. BY NO COINCIDENCE, 5 OF 11 REGIONAL COMMANDERS ARE TENG'S FORMER SUBORDINATES AND PROTEGES, AND THE GENERALS' WILLINGNESS TO ACCEPT CURTAILMENT OF THEIR AUTHORITY WAS ALMOST CERTAINLY TIED TO TENG'S ELEVATION AND TO PEKING GUARANTEES REGARDING THEIR FUTURE STATUS.

34. HOWEVER, GENERALS IN INDIVIDUAL PROVINCES STILL EXERCISE DIRECT POWER OVER EVERY ASPECT OF LIFE. AS A RESULT, PEKING'S INFLUENCE IN MANY PROVINCES IS STILL WEAK AND UNCERTAIN AS LEADERS AT THE CENTER DEPLOY THEIR FORCES IN THE STRUGGLE FOR SUCCESSION

TO MAO. LATEST ISSUE OF RED GUARD CALLING FOR NATIONAL "UNITY" REFLECTS CENTER'S CONCERN OVER DIFFUSION OF AUTHORITY. IT IMPLIED THAT LOCAL POWER-HOLDERS UNCLASSIFIED

PAGE 12 STATE 108923

WERE LIKE "FEUDAL BARONS" THE FIRST EMPEROR OF CHINA CRUSHED TO CREATE A UNIFIED NATION.

IN NUMBER OF PROVINCES, MIL AUTHORITY IS COMBINED WITH GOVT. AND PARTY AUTHORITY IN ONE PERSON, AS IN KIANGSI, A CRITICAL AREA DURING GPCR. IN OTHERS, DOMINANT GENERALS ARE STILL USING GPCR TACTICS AND SLOGANS, SOME OF WHICH ARE CLOSELY ASSOCIATED WITH LIN PIAO. IN CHEKIANG, DOMINANT GENERALS STILL PREACH "MILITARY CONTROL AND MILITARY TRAINING" FOR MASSES, A LIN PIAO CONCEPT DENOUNCED BY PEKING AS A POWER GRAB BY THE MILITARY. THUS, CHEKIANG GENERALS' PERSISTENCE IN DISCREDITED OLD LINE DEMONSTRATES THEIR HIGH DEGREE OF INDEPENDENCE.

AT HIGHER LEVEL, 3 OF 11 "GREAT MILITARY REGIONS" ARE STILL UNDER MEN CLOSELY ASSOCIATED WITH LIN. EIGHT REMAINING GENERALS INCLINE TOWARD "MODERATE" CAMP OF CHOU AND TENG HSIAO-PING. CHINESE GENERALS LIKE CHINESE POLITICIANS THUS CLEARLY DIVIDED INTO THREE CAMPS: CHOU'S "MODERATES," "EXTREME LEFTISTS" UNDER PRIMARY INFLUENCE OF CHIANG CHING, AND BELEAGUERED FORMER FOLLOWERS OF LIN PIAO.

LAOS

33. S-N'S ARBUCKLE (MAY 22) IN VIENTIANE REPORTS US HAS VIRTUALLY COMPLETED WITHDRAWAL OF MIL PERSONNEL IN COMPLIANCE WITH LAOS PEACE PROTOCOL. INFORMED SOURCES SAY ONLY 43 OF ORIGINAL 227 MILITARY MEN NOW REMAIN. THIRTY WILL REMAIN AS MEMBERS OF JOINT AIR FORCE AND ARMY DEFENSE ATTACHE OFFICE, WITH RESPONSIBILITIES FOR OVERSEEING MAP WHICH STARTS JULY 1 AND REPLACES MASF. CIA'S PARAMILITARY OFFICIALS NOW DOWN TO THREE; THEY WILL LEAVE EARLY NEXT WEEK ALONG WITH FINAL BATCH OF THAI IRREGULARS. US EMBASSY MADE NO OFFICIAL ANNOUNCEMENTS OF WITHDRAWAL DETAILS; OFFICIALS SAY THEY WANT MINIMUM PUBLICITY AND ARE NOT OPENING WITHDRAWAL TO PRESS INSPECTION BECAUSE N VIETS HAVE NOT DONE SO, AND BECAUSE COMMUNISTS HAVE SHOWN NO SIGN OF WITHDRAWING THEIR SOME 20,000

UNCLASSIFIED

PAGE 13 STATE 108923

COMBAT TROOPS AND THOUSANDS MORE LOGISTICS PERSONNEL. FOUR HUNDRED AMERICANS WITH DEPENDENTS WILL REMAIN WITH 220 AID PERSONNEL TO SUPERVISE HOPED-FOR 55

MILLION DOL AID PROGRAM. REMAINDER WILL BE DOS PERSONNEL AND 30 MIL MEN WHO PRESUMABLY WILL INCLUDE EMBASSY'S MARINE GUARDS. SINCE MAY 9, SOUPHANOUVONG HAS ALMOST DAILY BEEN ACCUSING US OF FAILING TO WITHDRAW US AND THAI PERSONNEL. DIPLOMATS BELIEVE THIS IS SMOKE SCREEN TO DISTRACT ATTENTION FROM HANOI'S FAILURE TO START LEAVING LAOS.

AUSTRALIA

34. FROM MELBOURNE, CSM STAFF CORRESPONDENT DISCUSSES ELECTIONS. TAKES VIEW THAT IF ALP WINS, AS SEEMS LIKELY, IT WILL BE DUE TO SUBURBANITE SUPPORT. ALP MADE BEST SHOWING IN AND AROUND SYDNEY AND MELBOURNE, DEMONSTRATING PARTY'S ABILITY TO CONSOLIDATE GAINS IT HAD REGISTERED IN MIDDLE-CLASS OUTER SUBURBS 17 MONTHS AGO. STRONG SHOWING IN SUBURBS DRAMATIZED EXTENT TO WHICH ALP HAS BEEN TRANSFORMED OVER THE YEARS FROM A WORKING-CLASS PARTY TO PARTY ALSO OF INTELLECTUALS AND MIDDLE-CLASS SUBURBANITES. CITES RE-ELECTION OF RACE MATHEWS, FROM DISTRICT ON OUTSKIRTS OF MELBOURNE, AS SYMBOLIZING TRANSFORMATION THAT WAS BROUGHT ABOUT BY WHITLAM IN A LONG AND DIFFICULT STRUGGLE WITH ALP'S LEFT WING. MATHEWS WAS ONCE PRIMARY-SCHOOL TEACHER WHO HELPED ALP DRAFT PROPOSALS FOR EDUCATIONAL REFORMS, AND IS CONSIDERED AN INTELLECTUAL AND SUBURBANITE. HE DESCRIBED RECENT ELECTIONS AS ONE IN WHICH SUPPORTERS ON BOTH SIDES FELT MORE STRONGLY THAN IN ANY PREVIOUS ELECTION HE COULD REMEMBER. RUSH

UNCLASSIFIED

<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 27 JUL 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS SUMMARIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 MAY 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE108923  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** EA/P:STAFF:EB:PP  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** n/a  
**Film Number:** D740130-0409  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740588/abbrzcug.tel  
**Line Count:** 581  
**Locator:** TEXT ON-LINE, TEXT ON MICROFILM  
**Office:** ORIGIN EA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 11  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** cunninfx  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 29 OCT 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <29 OCT 2002 by boyleja>; APPROVED <09 JAN 2003 by cunninfx>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MAY 23 EA PRESS SUMMARY  
**TAGS:** PFOR, XC, US  
**To:** SAIGON INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS  
BIEN HOA  
CAN THO  
DANANG  
HONG KONG  
NHA TRANG  
JEC PARIS

USSAGE NAKHON PHANOM  
CINCPAC HONOLULU  
COGARD POLAD  
DEPT OF TREASURY  
XMT SUVA  
RANGOON  
**Type:** TE

**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005